



W.G. McKay Limited CUSTOMS BROKERS SINCE 1914

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NON-RESIDENT IMPORTERS (NRI)

Explained By **Joe Rose, CCS, CTCS, Compliance Manager**

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The following is a brief description of Canadian rules for a company considering doing business in Canada as a Non-Resident importer.

Under Canadian Border Services Agency (CBSA) rules, Non-Residents can be registered as importers into Canada.

The first step is registration and obtaining a Business Number (BN) with an Import/Export identifier from the Canada Revenue Agency (CRA) at 1-800-959-5525 (online registration is not available for Non-Residents)

The registration form is available online at:

<https://www.canada.ca/en/services/taxes/business-number.html>

PLEASE SEE LAST SECTION ON GST/HST FEDERAL TAX SYSTEM

Food importers require a separate license from the CFIA. Direct link to the online information:

<http://inspection.gc.ca/about-the-cfia/my-cfia/eng/1482204298243/1482204318353>

Once registered, the next step is to verify where records are being kept.

Non-Resident importers who do not maintain a place of business in Canada may submit a request to the CBSA for an authorization to maintain records at their place of business outside of Canada, at a specific location authorized by the CBSA, or may designate a licensed customs broker, lawyer or accountant to maintain records on their behalf. Please contact Joe Rose for forms.

Please note that W.G. McKay maintains PDF copies of all records online, which are accessible to importers with secure access.

These electronically imaged records meet the conditions as noted in National Standard of Canada CAN/CGSB-72.11-93 Microfilm and Electronic Imaging as Documentary Evidence. Please contact Joe Rose for access.

Once all regulatory issues are dealt with, the next most important item is the actual shipment(s) coming to Canada.

There are 3 categories to be reviewed: Identity, Classification and Valuation.

Identity: There are up to 5 parties that can be identified on import documentation; Vendor, Purchaser, Consignee, Importer and Exporter. In the case for a Non-Resident, it is critical to observe the CBSA rules:

...in cases where both a purchaser and a consignee are identified on the invoice, the purchaser, not the consignee, will be the importer of record; or where only a consignee is listed, the consignee will be the importer of record;

For Non-Resident purposes, the Non-resident entity should be shown at the minimum as the Consignee care of (C/O) the Canadian delivery address (leaving the Purchaser blank)

Classification: Goods exported from, and into, most countries in the world are classified by using the Harmonized System of Classification to determine the tariff and duty applicable to all goods. Please consult with your licensed customs broker to determine this classification.

Valuation: Important to note that if there is a purchaser resident in Canada, the selling price to that purchaser MUST be the value for Customs purposes.

Contact your licensed customs broker to verify this valuation method is correct for your business model.

GST (Goods and Services Tax) is a Federal multi-stage sales tax on consumption, similar to the VAT (or Value Added Tax) in other countries. The current rate of GST is 5%. This tax applies at time of import into Canada and is calculated on the declared value of the shipment expressed in Canadian \$. The GST is applicable to virtually all goods with the exception of most foodstuffs, prescription drugs and some specialized transactions. Non-Residents may register for the GST and use a simplified method to recover the 5%. NOTE that most Canadian provinces have a Sales Tax that has been 'Harmonized' with the GST. (HST) For example a shipment imported with a value of \$500.00, would attract \$25 GST (5%), but upon resale in Canada, (Ontario for example) the invoice to the Customer would show \$65 HST (5% GST plus 8% Sales Tax) Further information for non-residents is available on-line at:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4027/doing-business-canada-gst-hst-information-non-residents.html>

Please contact the W.G. McKay Limited Sales Office, for further information:

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BRANCH OFFICES

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